
NOTIFICATION OF DELINQUENT ACCOUNTS

A PROPOSAL FOR REFORM OF PROCEDURES FOR TTIS OF THE STATE TAX INSPECTORATE FOR THE CITY OF MOSCOW¹

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A METHODOLOGICAL NOTE ON THE NOTIFICATION OF DELINQUENT ACCOUNTS²

EXECUTIVE SUMMARY

The current process of notification and subsequent collection of delinquent accounts in the State Tax Inspectorate for the City of Moscow is complex, opaque, and inefficient. In addition, the current process appears to be fostering perverse behavior by encouraging evasionary behavior by legal entities and individuals alike. While significant progress has been made since the inception of the State Tax Inspectorate for the City of Moscow since its inception in 1991, serious problems remain in the area of the collection of delinquent accounts.

This note addresses the collection process and suggests reforms of the delinquent account notification process that will standardize procedures and promote taxpayer compliance. These objectives are achieved by developing standard operating procedures, which may be introduced in selected pilot Territorial Tax Inspectorates to ensure their viability.

Currently, local tax offices do not use a standard procedure for the treatment of delinquent accounts. Two identical taxpayers located in different tax inspectorates may experience significant variation in the collection methods and procedures. The variation in these methods promotes perverse behavior in that taxpayers may relocate to inspectorates with lax enforcement procedures. These problems are exacerbated by the inability of local tax offices to issue non-expiring seizure orders. Current regulations place a 30-day window in which taxpayer assets can be seized by the tax police and if the taxpayer manages to avoid signing the seizure notification, the entire notification and seizure process must start anew.

This note proposes the introduction of a standard delinquent account collections procedure. In conformity with the new tax code, we propose a single step notification procedure before the arrest and seizure of taxpayer assets. We also propose a three-step procedure that can be implemented at a later date. Our single step proposal stipulates that upon determination that a taxpayer is delinquent, the local tax office will send the taxpayer a reminder of the past due balance with a 30-day window for the taxpayer to respond. If the taxpayer does not respond, the tax inspectorate will order the arrest and seizure for sale of the taxpayer's assets. In our three-step proposal, If the taxpayer does not respond to the 30-day notice, a second, sterner notice is sent to the taxpayer with a 15-day window. Finally, if the taxpayer has not responded, a final notice stating that their assets will be seized is sent with a 7-day window for response. This note also proposes the modification of administrative regulations so that local offices may order non-expiring seizure actions if the taxpayer fails to respond to the final notice before seizure.

It is the hope that this note may serve as a basis for further discussion on the collection of delinquent accounts by Territorial Tax Inspectorates. Included in this note are the proposed delinquent account notices and the draft administrative regulation for the implementation of this proposal.

² Policy Research Center, School of Policy Studies, Georgia State University. This methodological note was written at the request of Territorial Tax Inspectorates 27 and 37 of the State Tax Inspectorate for the City of Moscow. This project was funded by a grant from the United States Agency for International Development, Grant # 12-21-16500-361.

INTRODUCTION

The notification of delinquent accounts is an important element of the entire collection process. Implemented correctly, the notification process may increase taxpayer compliance and improve contacts between local tax offices and taxpayers. The implementation of a standardized notification procedure ensures that taxpayers are treated alike, reinforcing proper behavior and reducing the opportunities for evasion.

It is important that the delinquent accounts notification and collection process be implemented in the same fashion for legal entities and individual taxpayers. Some variance will occur, in that local tax offices do have the authority to freeze bank account of legal entities. While the same bank account suspension procedure should also be available to local offices to employ in the case of delinquent individual taxpayer accounts, this change is not within the scope of this proposal. The objective of tax inspectorate managers should be the elimination of any variance in procedures. While some variance may exist after procedures have been standardized due to discretionary latitude, inspectorate managers should try even to eliminate this discretionary variance.

The notification and collection process is the first point of contact between the local tax office and the taxpayer after the taxpayer has failed to adhere to the tax law and pay their account in full. Any variance in procedures among tax inspectorates can be exploited by taxpayers, therefore, it is important to adhere to a standardized operating procedure when interacting with delinquent taxpayers. A standardized procedure also increases the ability of inspectorate managers to supervise employee interactions with taxpayers and recognize deviations from accepted procedures.

The objective of this proposal is to present an option for the reform of existing notification procedures within the context of the entire delinquent accounts process. The structure of this note is as follows: Definitions, Procedures, Regulations, and Implementation.

DEFINITIONS

Currently, wide variation exists in the terminology of tax administration. With respect to the collection of delinquent accounts, the term arrears is most often applied. However, this term may have several connotations, in that arrears may mean that the taxpayer did not pay the correct amount, did not pay at all, has an account overdue with respect to tax liabilities, or fines, or penalties. The multiple uses of the term 'arrears' promotes the introduction of non-uniform procedures and reduces the transparency and fairness of tax enforcement.

This note uses standard definitions throughout and proposes that pilot Territorial Tax Inspectorates use these definitions in their day to day operations. In this section we provide definitions for terms used to ensure clarity and standardization. These definitions correspond to the definitions contained within the draft tax code so as to ensure continuity after the adoption of the tax code.

(1) Taxpayer

A taxpayer is a person who is liable to pay any tax (fee), penalty, or interest under tax legislation. A taxpayer includes a tax agent and any other person legally obligated to pay

a tax (fee), penalty, or interest under tax legislation.

(2) Tax Agent

A tax agent is a person who is required under tax legislation to collect any tax (fee) from any other person by withholding or any other method and to pay over said tax (fee) to the budget.

(3) Person

A person is any legal entity, subdivision of a legal entity, or individual that is a taxpayer according to the existing legislation

(4) Tax obligation

A tax obligation is the obligation of a taxpayer or tax agent to pay or pay over a tax (fee), penalty, or interest, or any combination thereof, in the circumstances prescribed by the tax legislation.

(5) Assessment

An assessment is the entering into the taxpayer account of the tax service of the amount of tax obligation of the taxpayer.

(6) Taxpayer Account

A taxpayer account contains the records of the tax inspectorate for the specific taxpayer, to include information from the initial and amended tax declarations of the taxpayer, assessed and amended assessments of tax obligation, and other items deemed necessary for the efficient operation of the tax service.

(7) Delinquent Taxpayer Account

A taxpayer account is determined to be delinquent when the tax inspectorate determines that the taxpayer has not correctly reported, calculated, or paid a tax obligation

PROCEDURES

The notification procedure follows a simple decision tree. By following this decision process, inspectors and managers can implement notification proceedings and ensure that standards are maintained during implementation. In this section, we also comment on other aspects of the current tax administration system that should be modified to facilitate the collection of delinquent accounts.

In this note, we discuss a three-step notification procedure that conforms to international best practice in the notification of taxpayers with delinquent tax obligations. If a three-step notification procedure is utilized, the tax inspectorate will exhibit 'reasonable effort' in attempting to notify the taxpayer of the delinquent obligation and the possibility of the arrest and seizure of their assets to satisfy the delinquent obligation.

However, it is also understood that the proposed tax code stipulates that one notice should be issued to a delinquent taxpayer before the tax inspectorate should issue the arrest and seizure order. Therefore, since the one-step procedure is simply a sub-set of the three-step notification procedure, we place the discussion of the one-step procedure within the discussion of the three-step procedure. In this manner, we conform to the proposed tax code and offer a second proposal on expanding the notification procedure to a multi-staged process.

One-Step Notification Procedure

The proposed one-step standardized procedure for the notification of delinquent accounts is discussed below.

1. Upon determination that the taxpayer account is delinquent, the line inspector issues the Final Notice Before Seizure and takes action for the tax police to arrest and seize any and all assets on the expiration of the Final Notice Before Seizure.
 - The Final Notice is a direct statement that unless the delinquent tax obligation is cleared, the tax inspectorate will seize arrest and seize any or all assets to clear the delinquent account.
 - The response window of the Final Notice is 30 days. This time is still sufficient for the taxpayer to clear the delinquent account and allows the inspector and the tax police sufficient time to coordinate the arrest and seizure of the taxpayers property upon the expiration of the Final Notice.
 - The proposed time limit of the Final Notice is 30 days. This time window can be adjusted to fit the needs of the tax inspectorate. A shorter response window may be counterproductive in that does not allow the taxpayer sufficient time to remedy the situation. For example, lack of liquidity should be a concern if the window does not cover the entire billing cycle of 30 days. A long response window of more than 30 days may encourage the taxpayer to not remit the overdue tax obligation funds.
 - The same notice is sent to legal entities and physical persons. No differentiation should be made between these types of taxpayers with respect to delinquent accounts. The elimination in the current variance in notification procedures between legal entities and physical persons not only promotes administrative efficiency but also educates taxpayers on the operation of the tax administration system.

- As with the suspension of bank accounts, we endorse the proposed change in the tax code that eliminates any variance between the arrest and seizure of the assets of a corporate entity and an individual. Assets include any and all financial assets in bank accounts and any and all physical property necessary to clear the overdue tax obligation.
 - We recommend that the seizure order should not expire until the taxpayer's tax obligation is completely satisfied, the tax obligation is cancelled, an appeal is made in accordance with established legislation, or the order is canceled by the head of the local tax inspectorate.
 - The inspectorate should, if possible, have the taxpayer's assets seized the day after the Final Notice expires. Swift action in seizing taxpayer assets for failure to either pay the account in full or work with the inspectorate to find an appropriate solution is critical in reinforcing taxpayer compliance.
 - In order to ensure the notification process is clear, concise, and equitable, the regulations concerning the notification of the taxpayer must be changed. A proposal for the new regulation is presented in the next section.
2. If the taxpayer is a legal entity, the inspector freezes all bank accounts according to established procedures.
 - Currently, local tax inspectorate heads may issue an order to freeze bank accounts of legal entities but not of physical persons.
 - We believe that tax inspectorates should also have the ability to freeze the bank accounts of physical persons in accordance with the established procedures of the tax service. Currently, the inability to place a lien against individual bank accounts or to freeze these accounts promotes evasive behavior since individuals may use the notification process as an opportunity to shift funds outside the purview of the tax service.
 - The proposed tax code does not differentiate between legal entities and physical persons with respect to the arrest and seizure of taxpayer assets. We concur with this proposition. In all cases, the tax service should eliminate the variance in procedures between corporate entities and individuals.
 3. If the taxpayer fails to fulfil the overdue tax obligation, fails to file an appeal with the appropriate authority; fails to contact the tax inspectorate to reschedule the overdue obligation; or fails to take other action deemed appropriate by the head of the local tax inspectorate; the head of the local tax inspectorate shall order the arrest and seizure for sale of any and all taxpayer assets necessary to satisfy the overdue obligation.

Three-Step Notification Procedure

The proposed three-step standardized procedure for the notification of delinquent accounts is discussed below.

1. Upon determination that the taxpayer account is delinquent, the line inspector issues the First Notice of Tax Due.
 - The First Notice states that a determination has been made that the taxpayer's obligation is overdue and that the taxpayer must pay the obligation in full or else contact the Territorial Tax Inspectorate.
 - The purpose of the First Notice is to respectfully notify the taxpayer that the delinquent account has been tagged for appropriate action by the tax inspectorate. The notice contains information on the taxpayer and information on the delinquent obligation. The notice provides sufficient information on the size and type of the overdue obligation, and provides the taxpayer with a point of contact if further information is needed.
 - The proposed time limit of the First Notice is 30 days. This time window can be adjusted to fit the needs of the tax inspectorate. A shorter response window may be counterproductive in that it does not allow the taxpayer sufficient time to remedy the situation. For example, lack of liquidity should be a concern if the window does not cover the entire billing cycle of 30 days. A long response window of more than 30 days may encourage the taxpayer to not remit the overdue tax obligation funds.
 - The same notice is sent to legal entities and physical persons. No differentiation should be made between these types of taxpayers with respect to delinquent accounts. The elimination in the current variance in notification procedures between legal entities and physical persons not only promotes administrative efficiency but also educates taxpayers on the operation of the tax administration system.
2. If the taxpayer is a legal entity, the inspector freezes all bank accounts according to established procedures.
 - Currently, local tax inspectorate heads may issue an order to freeze bank accounts of legal entities but not of physical persons.
 - We believe that tax inspectorates should also have the ability to freeze the bank accounts of physical persons in accordance with the established procedures of the tax service. Currently, the inability to place a lien against individual bank accounts or to freeze these accounts promotes evasive behavior since individuals may use the notification process as an opportunity to shift funds outside the purview of the tax service.
 - The proposed tax code does not differentiate between legal entities and physical persons with respect to the arrest and seizure of taxpayer assets. We concur with this proposition. In all cases, the tax service should eliminate the variance in procedures between corporate entities and individuals.
3. If no action is taken by the taxpayer within 30 days to resolve the delinquent account, the inspector issues the Second Notice of Tax Due.
 - The proposed time limit of the Second Notice is 15 days. This period provides sufficient time for the taxpayer to receive the notice and take appropriate action.

- The Second Notice contains the same information as the First Notice. If the taxpayer has not received the First Notice or has lost the First Notice, the restatement of the delinquent account information saves the taxpayer and tax inspectors time. The taxpayer does not have to contact the inspectorate for any information on how to clear the delinquent account since the Second Notice contains the same information on the size and type of tax obligations and the account in which the funds should be deposited.
 - The Second Notice states the obligation is past due and that the failure to pay the overdue tax obligation in full will result in appropriate action. By using the term 'appropriate action', the inspector conveys the significance of the matter and that the tax service will take action to obtain the overdue obligation.
4. If no response is received within 15 days, the inspector issues the Final Notice Before Seizure and takes action for the tax police to arrest and seize any and all assets on the expiration of the Final Notice Before Seizure.
- The Final Notice is a direct statement that unless the delinquent tax obligation is cleared, the tax inspectorate will seize arrest and seize any or all assets to clear the delinquent account.
 - The response window of the Final Notice is 7 days. This time is still sufficient for the taxpayer to clear the delinquent account and allows the inspector and the tax police sufficient time to coordinate the arrest and seizure of the taxpayers property upon the expiration of the Final Notice.
 - As with the suspension of bank accounts, we endorse the proposed change in the tax code that eliminates any variance between the arrest and seizure of the assets of a corporate entity and an individual. Assets include any and all financial assets in bank accounts and any and all physical property necessary to clear the overdue tax obligation.
 - We recommend that the seizure order should not expire until the taxpayer's tax obligation is completely satisfied, the tax obligation is cancelled, an appeal is made in accordance with established legislation, or the order is canceled by the head of the local tax inspectorate.
 - The inspectorate should, if possible, have the taxpayer's assets seized the day after the Final Notice expires. Swift action in seizing taxpayer assets for failure to either pay the account in full or work with the inspectorate to find an appropriate solution is critical in reinforcing taxpayer compliance.
 - In order to ensure the notification process is clear, concise, and equitable, the regulations concerning the notification of the taxpayer must be changed. A proposal for the new regulation is presented in the next section.
5. If the taxpayer fails to fulfil the overdue tax obligation, fails to file an appeal with the appropriate authority; fails to contact the tax inspectorate to reschedule the overdue obligation; or fails to take other action deemed appropriate by the head of the local tax inspectorate; the head of the local tax inspectorate shall order the arrest and seizure for sale of any and all taxpayer assets necessary to satisfy the overdue obligation.

The **one-step** standardized procedure without commentary is:

1. When a taxpayer account is delinquent, the line inspector issues the Final Notice Before Seizure.
2. The line inspector then requests that the tax police arrest and seize any or all assets on the expiration of the Final Notice Before Seizure.
3. If the taxpayer fails to pay the overdue tax obligation; fails to file a timely appeal; fails to contact the tax inspectorate to reschedule the overdue obligation; or fails to take other action deemed appropriate by the head of the local tax inspectorate; the head of the local tax inspectorate shall order the arrest and seizure for sale of any and all taxpayer assets necessary to satisfy the overdue obligation.

The standardized **three-step** notification procedure without commentary is:

1. When a taxpayer account is delinquent, the line inspector issues the First Notice of Tax Due.
2. If the taxpayer is a legal entity, the inspector freezes all bank accounts according to established procedures.
3. If response is received within 30 days, the inspector issues the Second Notice of Tax Due.
4. If no action is taken by the taxpayer within 15 days, the inspector issues the Final Notice Before Seizure and requests the tax police arrest and seize any or all assets on the expiration of the Final Notice Before Seizure.
5. If the taxpayer fails to pay the overdue tax obligation; fails to file a timely appeal; fails to contact the tax inspectorate to reschedule the overdue obligation; or fails to take other action deemed appropriate by the head of the local tax inspectorate; the head of the local tax inspectorate shall order the arrest and seizure for sale of any and all taxpayer assets necessary to satisfy the overdue obligation.

PROPOSED REGULATIONS

Proposal 1: One Step Notification Procedure

A Territorial Tax Inspectorate will comply to the standard operating procedures described in this regulation for the notification of delinquent taxpayers. The Territorial Tax Inspectorate shall employ the standard notification forms accompanying this regulation and shall adhere to the specific time periods contained in this regulation.

All other preceding regulations concerning the notification of delinquent taxpayers are to be considered null and void and superceded by this regulation. This regulation will take effect 30 days after receipt and shall remain in force until modified or replaced.

- (1) A Tax Obligation is delinquent when the taxpayer has not deposited the full amount of the tax obligation into the account of the tax inspectorate by the date specified in the tax legislation.
- (2) When a tax obligation is delinquent, the taxpayer account is to be immediately marked as delinquent, and no beneficial action may occur on the behalf of the taxpayer until the delinquent tax obligation is paid in full, rescheduled by methods outlined in the existing legislation, appealed in a timely manner, or with the permission of the head of the tax inspectorate in which the taxpayer account resides.
- (3) The inspector that has made the determination that the tax obligation is delinquent shall immediately issue the **Final Notice Before Seizure**
- (4) If the taxpayer is a legal entity, the inspector shall issue a bank account suspension order to all known banks with which the taxpayer has a bank account.
- (5) If the taxpayer fails to pay the delinquent tax obligation within 30 days, fails to file a timely appeal according to tax legislation, fails to reschedule the tax obligation, or fails to take other action deemed appropriate by the head of the tax inspectorate, the head of the tax inspectorate shall order the arrest and seizure for sale any or all assets necessary to settle the delinquent tax obligations.
- (6) The notice discussed in this regulation must be sent by registered mail or its equivalent to the last known address of the taxpayer.

Proposal 2: Three Step Notification Procedure

A Territorial Tax Inspectorate will comply to the standard operating procedures described in this regulation for the notification of delinquent taxpayers. The Territorial Tax Inspectorate shall employ the standard notification forms accompanying this regulation and shall adhere to the specific time periods contained in this regulation.

All other preceding regulations concerning the notification of delinquent taxpayers are to be considered null and void and superceded by this regulation. This regulation will take effect 30 days after receipt and shall remain in force until modified or replaced.

- (1) A Tax Obligation is delinquent when the taxpayer has not deposited the full amount of the tax obligation into the account of the tax inspectorate by the date specified in the tax legislation.
- (2) When a tax obligation is delinquent, the taxpayer account is to be immediately marked as delinquent, and no beneficial action may occur on the behalf of the taxpayer until the delinquent tax obligation is paid in full, rescheduled by methods outlined in the existing legislation, appealed in a timely manner, or with the permission of the head of the tax inspectorate in which the taxpayer account resides.
- (3) The inspector that has made the determination that the tax obligation is delinquent shall immediately issue the **First Notice of Tax Due**.
- (4) If the taxpayer is a legal entity, the inspector shall issue a bank account suspension order to all known banks with which the taxpayer has a bank account.
- (5) If the tax inspectorate receives no response within 30 days, the inspector shall issue the **Second Notice of Tax Due**.
- (6) If the tax inspectorate receives no response within 15 days, the inspector shall issue the **Final Notice Before Seizure**. The inspector shall request that the tax police arrest and seize any or all assets of the taxpayer the day after the expiration of the **Final Notice Before Seizure** in accordance with established legislation.
- (7) If the taxpayer fails to pay the delinquent tax obligation, fails to file a timely appeal according to tax legislation, fails to reschedule the tax obligation, or fails to take other action deemed appropriate by the head of the tax inspectorate, the head of the tax inspectorate shall order the arrest and seizure for sale any or all assets necessary to settle the delinquent tax obligations.
- (8) Each of the notices discussed in this regulation must be sent by registered mail or its equivalent to the last known address of the taxpayer.

Proposal 3: Expiration of Arrest and Seizure Orders

A Territorial Tax Inspectorate shall adhere to the standard operating procedure described in this regulation pertaining to the issuance and expiration of orders for the arrest and seizure of taxpayer assets to offset delinquent tax obligations. All other preceding regulations concerning the issuance and expiration of arrest and seizure orders are to be considered null and void and superceded by this regulation. This regulation will take effect 30 days after receipt and shall remain in force until modified or replaced.

1. A Territorial Tax Inspectorate shall issue an **Arrest and Seizure Order** upon the expiration of the **Final Notice Before Seizure** document. The **Arrest and Seizure Order** shall order the arrest and seizure of taxpayer assets by the tax police
2. The **Arrest and Seizure Order** shall adhere to the standard format, which is an amendment to this regulation. The order shall contain the following information:
 - Name of the Taxpayer
 - Taxpayer Identification Number
 - Phone Number of Taxpayer
 - Due Date of Delinquent Tax Obligation
 - Type of Delinquent Tax Obligation (Tax, Fee, Other)
 - Period of Tax Obligation
 - Amount of Tax (Fee) Due
 - Amount of Fine Due
 - Amount of Penalty Due
 - Line Inspector
 - Head of Inspectorate
 - Date of Effect
 - Date of Expiration
 - Arrest and Seizure Order Number and Total Amount to be Arrested and Seized
1. The **Arrest and Seizure Order** must be signed by the head of the Territorial Tax Inspectorate and shall remain in effect until the expiration date of the order or the expiration of the tax obligation under the collections statute as specified in the tax legislation. The order may only be canceled by the issuing inspectorate, regional inspectorate, or the State Tax Service.
2. The Territorial Tax Inspectorate must exhibit reasonable effort before issuing an **Arrest and Seizure Order**. The minimum standard for reasonable effort is adherence to the standard procedure for the notification of delinquent accounts. If the Territorial Tax Inspectorate has issued a **First Notice of Tax Due, Second Notice of Tax Due, and Final Notice Before Seizure**, then the Territorial Tax Inspectorate has exhibited reasonable effort.
3. The delinquent taxpayer is not required to sign the **Arrest and Seizure Order** before the tax police may seize the taxpayer's assets. If the Territorial Tax Inspectorate has issued the standard tax due notices by registered mail or its equivalent, and has followed the procedures outlined in this regulation, then the seizure order may be carried out by the tax police.

IMPLEMENTATION

In order to ensure the effective implementation of this proposal, we suggest that the standardized notification process be implemented in two pilot Territorial Tax Inspectorates. The TTIs should employ different Tax Administration Information Systems (TAISs), which would be modified to automatically generate the standard notices when a tax obligation is delinquent. The notification procedure should be evaluated at 30, 90, and 120 days to ensure that the standards outlined in this proposal are maintained. If at the end of 120 days there is no appreciable increase in administrative efficiency and/or taxpayer compliance, the Moscow STI should review whether this proposal should continue to be implemented. If at the end of 120 days there is an appreciable increase in administrative efficiency and/or compliance, this proposal should be disseminated and enforced among other TTIs in Moscow.

The implementation of this proposal should adhere to the following timeline.

- (1) Administrative Review Effective Date minus 90 days

The proposal should be disseminated to each of the pilot TTIs and within the Moscow STI for review and comment. The comment period should be no longer than 20 days, after which the proposal may be modified to meet administrative, logistical, and legal requirements.

- (2) Public Comment Effective Date minus 70 days

Proposed regulations should be issued in proposed form so that the taxpayer may provide input before the regulations are finalized. Also, the Moscow STI should schedule a public hearing to provide further opportunity for comments.

Comments should be submitted within 30 days after the regulations are published.

Comments should be fully considered and, where appropriate, changes are made to the regulation when it is issued in final form. The Moscow STI and TTIs should not be required to respond to comments on an individual basis. Also, comments should be made available to the public upon request, therefore it is important that taxpayers are notified of this provision so that they do not include any information that they wish to remain confidential.

Taxpayers should submit comments in writing to the Moscow STI. Taxpayers wishing to testify at a hearing about a proposed regulation should submit their request in writing, along with an outline of their proposed testimony.

- (3) Initial Technical Order Effective Date minus 70 days

The final proposal should be disseminated among software developers for incorporation into the existing and proposed Tax Administration Information Systems.

- (4) Final Review and Modification Effective Date minus 40 days

Comments from the public should be reviewed and the proposal modified accordingly.

- (5) Final Technical Order Effective Date minus 30 days

Upon the final review and modification of the regulation, the Moscow STI should provide each software developer a copy of the new regulation and all appropriate modifications to the end user products of each of the tax administrative information systems.

(6) Training Effective Date minus 30 days

Tax inspectorates should be informed about the new regulation and trained about the revised administrative requirements. Where applicable, tax inspectors should be trained on the new provisions of the tax administration information system. Tax inspectors should apply the new standards and procedures to test cases to familiarize themselves with modified aspects of the tax system.

New forms and procedures, where applicable, should be publicly posted.

(7) Implementation Effective Date

Managers should be aware of the impact of the new regulation on administrative efficiency and modify resource management plans accordingly.

Tax inspector caseloads should be modified if the new regulation impacts on their ability to process cases.

(8) Ex post Review Effective date plus 30, 60, 120 days

The regional inspectorate and local tax inspectorate managers should review the impact of the new regulation on administrative efficiency, collections, and other indicators of whether the new regulation has increased compliance and the use of administrative resources.

ATTACHMENTS

The following attachments are included in this proposal:

- (1) First Notice of Tax Due
- (2) Second Notice of Tax Due
- (3) Final Notice Before Seizure
- (4) Arrest and Seizure Order

State Tax Inspectorate for the City of Moscow

Territorial Tax Inspectorate Number XX

33 Any Street, 33 Any Building

100000 Moscow, Russia

Phone: 7-095-555-1212

Dear Taxpayer:

In processing your tax declaration for the period shown below, we have determined that the tax and additional fines and penalties shown below have not been paid.

Please promptly deposit your payment in the account shown below for this tax. In order to ensure prompt processing of your payment, we advise you to immediately notify my inspectorate upon the deposit of the total amount due. Please be advised that you must take action on this matter within 30 days of the mailing date of this notice.

If you have any questions concerning this notice, please call us at the number on this notice between 10am and 4pm on weekdays. Please ensure that you have the information listed below with you when you contact my inspectorate to ensure prompt attention. We would like to thank you in advance for taking prompt action in resolving this important tax matter.

Respectfully yours,

Ivan Ivanovich Smirnov
Head of Inspectorate

First Notice of Tax Due	Please Remit Total Amount Due
Taxpayer:	Total Amount Due:
TIN:	Date Amount Due:
Point of Contact:	Amount of Tax Due:
Address:	Amount of Penalty Due:
Phone Number:	Amount of Fine Due:
Deposit in Bank:	Type of Tax Due:
Deposit in Account	Comments:

State Tax Inspectorate for the City of Moscow

Territorial Tax Inspectorate Number XX

33 Any Street, 33 Any Building
100000 Moscow, Russia
Phone: 7-095-555-1212

Dear Taxpayer:

We have not yet received any payment from you after previously respectfully requesting your prompt payment of the tax, fines, and penalties shown below.

We have no record of receiving your payment and are rightfully concerned that our previous noticed was not acted upon. It is very important, and in your interest, to immediately deposit the full amount in the account shown below within 15 days of the mailing date of this notice. I must warn you that failure to respond to this notice will result in prompt action by my inspectorate.

Please do not hesitate to contact us if you have made this payment or if you have any questions about this notice. Please ensure that you have this notice with you when you connect my inspectorate.

We await your response.

Respectfully,

Ivan Ivanovich Smirnov
Head of Inspectorate

Second Notice of Tax Due	Remit Total Amount Due Today
Taxpayer:	Total Amount Due:
TIN:	Date Amount Due:
Point of Contact:	Amount of Tax Due:
Address:	Amount of Penalty Due:
Phone Number:	Amount of Fine Due:
Deposit in Bank:	Type of Tax Due:
Deposit in Account	Comments:

State Tax Inspectorate for the City of Moscow
Territorial Tax Inspectorate Number XX
33 Any Street, 33 Any Building

100000 Moscow, Russia

Phone: 7-095-555-1212

FINAL NOTICE BEFORE SEIZURE

This notice serves as a final and irrevocable warning that the taxpayer listed below has not paid the taxes, fines, and penalties listed below. We will take immediate action within 10 days of the mailing date of this notice to search and seize any and all assets to pay this debt.

You must deposit the total amount due within 10 days of the mailing date of this notice or I will order the seizure action. I must warn you that the seizure action will take place with or without your response to this notice.

I await prompt and full payment of the total amount due.

Ivan Ivanovich Smirnov
Head of Inspectorate

Final Notice Before Seizure	Remit Total Amount Due Today
Taxpayer:	Total Amount Due:
TIN:	Date Amount Due:
Point of Contact:	Amount of Tax Due:
Address:	Amount of Penalty Due:
Phone Number:	Amount of Fine Due:
Deposit in Bank:	Type of Tax Due:
Deposit in Account	Comments:

State Tax Inspectorate for the City of Moscow

Territorial Tax Inspectorate Number XX

33 Any Street, 33 Any Building

100000 Moscow, Russia

Phone: 7-095-555-1212

ARREST AND SEIZURE ORDER

The taxpayer listed below has failed to resolve the delinquent tax obligation listed below within the time permitted. I order the immediate arrest and seizure of any or all assets of the taxpayer such that the outstanding tax obligation is satisfied.

Ivan Ivanovich Smirnov
Head of Inspectorate

ARREST AND SEIZURE ORDER	EFFECTIVE DATE:
Taxpayer:	Total Amount Due:
TIN:	Date Amount Due:
Point of Contact:	Amount of Tax Due:
Address:	Amount of Penalty Due:
Phone Number:	Amount of Fine Due:
Deposit in Bank:	Type of Tax Due:
Deposit in Account	Comments: